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SIPDIS

DEPARTMENT FOR PRM; NEA; EUR/ERA; AMMAN FOR REFCOORD;  
GENEVA FOR RMA

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SUBJECT: EC 2006 FUNDING FOR UNRWA, PALESTINIAN REFUGEES

Classified By: PRMOFF MARC J. MEZNAR. REASONS 1.4(B) AND (D).

1. (SBU) Summary. The EC plans to maintain its funding level to assist Palestinian refugees through UNRWA at 100 million euros in 2006. Support to UNRWA represents over a third of EC assistance to Palestinians. The EC may earmark a portion of its contribution to UNRWA's general fund. End Summary.

2. (SBU) On February 15, PRMOFF and PRMASST met with DG RELEX Palestine Desk Officer Nina Obermaier to discuss European Commission (EC) funding for the UN Relief and Works Agency for Palestinian Refugees (UNRWA) in 2006. Obermaier said that EC funding would continue at roughly the same level this year, even though its multi-annual convention with UNRWA expired at the end of 2005.

3. (C) DG RELEX funding for UNRWA, which will be finalized in the coming weeks, is projected to again be 64 million euros. Traditionally, the totality of the EC contribution to UNRWA's general fund has been unearmarked. However, because the EC has been unhappy with UNRWA's management, decision-making process, reporting and failure to sufficiently acknowledge its contribution, DG RELEX is considering some earmarks in 2006. Although a significant majority of its contribution would remain unearmarked, earmarks with corresponding benchmarks could be introduced. While Obermaier did not specify what the exact benchmarks might be, she said they would be both policy and output oriented. DG RELEX will discuss this "more conditional approach" with UNRWA Commissioner General Karen Abu-Zayd during her March 20 visit to Brussels.

4. (SBU) Regarding the initiative by some donors to strengthen UNRWA's Advisory Committee into an entity with a stronger executive role, Obermaier said that opinions varied among the EU Member States. She noted that in spite of ranking as one of UNRWA's top donors, the EC was only accorded "observer" status and so had no significant voice in this issue.

5. (SBU) Obermaier noted that two other EC agencies also funded UNRWA in 2005, raising the total EC contribution to 100 million euros. She said EuropeAid provided 15 million euros for food aid and an additional 15 million euros for food security; ECHO provided 6 million euros for a variety of humanitarian needs. (Note. ECHO confirmed it intends to again contribute 6 million euros to UNRWA, probably not before June. Of this amount, three fourths will go to temporary job creation schemes and one fourth to emergency food distribution in Gaza. The remaining 28 million ECHO has designated for Palestinians in 2006 will be implemented through NGOs and other international partners. End note.)

6. (C) Considering that total assistance to Palestinians in 2005 amounted to 280 million euros, the UNRWA portion of 100 million euros is significant. When asked if the electoral victory of Hamas might influence the EC to channel additional funding through UNRWA, Obermaier stated that "all options are open." However, she noted that UNRWA's mandate did not extend to the entire Palestinian population.

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